

***Financial Report***  
***Lafourche Parish Communications District***  
***Raceland, Louisiana***  
***December 31, 2004***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-29-05

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December 31, 2004

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**FINANCIAL SECTION**



Bourgeois Bennett

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Lafourche Parish Communications District,  
Raceland, Louisiana.

We have audited the accompanying basic financial statements of the Lafourche Parish Communications District (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Parish Communications District, as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2005 on our consideration of the Lafourche Parish Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
February 22, 2005.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Lafourche Parish Communications District**

The Management's Discussion and Analysis of the Lafourche Parish Communication District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2004 by \$2,006,582 (net assets), which represents a 13.77% increase from last fiscal year.

The District's total revenues increased \$53,986 (or 6.19%) primarily due to the number of wireline users remained constant as the number of customers maintaining a wireless phone increased.

The District did not have any funds with deficit fund balances.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of four parts: Management's Discussion and Analysis. Basic Financial Statements, and Supplementary Information and various governmental compliance reports and schedules by certified public accountants and management. The Basic Financial Statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

### **REQUIRED BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

## **FINANCIAL ANALYSIS OF THE DISTRICT**

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net assets of the District and changes in them. The net assets (difference between assets and liabilities) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net assets are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth and new or changed government legislation.

### **NET ASSETS**

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2004, assets exceeded liabilities by \$2,006,582. A portion of the District's net assets (11.77%) reflects its investment in capital assets (e.g., land; buildings; office furniture, fixtures and equipment; vehicles, machinery and equipment) net of related debt and unspent proceeds. Consequently, these assets are not available for future spending. The majority of the total assets remains in cash and cash equivalents (70.1%).

#### **Condensed Statements of Net Assets**

	<u>2004</u>	<u>2003</u>	<u>Dollar Change</u>
Current and other assets	\$ 2,513,113	\$ 2,781,573	\$ (268,460)
Capital assets	814,222	387,471	426,751
Total assets	<u>3,327,335</u>	<u>3,169,044</u>	<u>158,291</u>
Long-term liabilities outstanding	1,210,000	1,290,000	(80,000)
Other liabilities	110,753	115,359	(4,606)
Total liabilities	<u>1,320,753</u>	<u>1,405,359</u>	<u>(84,606)</u>
Net Assets:			
Invested in capital assets, net of related debt	236,196	175,792	60,404
Unrestricted	1,770,386	1,587,893	182,493
Total net assets	<u>\$ 2,006,582</u>	<u>\$ 1,763,685</u>	<u>\$ 242,897</u>



### Condensed Changes in Net Assets

	2004	2003	Dollar Change
Operating revenues	\$ 896,431	\$ 848,400	\$ 48,031
Non-operating revenues	29,718	23,763	5,955
Total revenues	<u>926,149</u>	<u>872,163</u>	<u>53,986</u>
Depreciation and amortization expense	27,274	38,354	(11,080)
Other operating expense	587,638	531,193	56,445
Non-operating expense	68,340	90,691	(22,351)
Total expenses	<u>683,252</u>	<u>660,238</u>	<u>23,014</u>
Increase in net assets	242,897	211,925	30,972
Net assets beginning of year	1,763,685	1,551,760	211,925
Net assets end of year	<u>\$ 2,006,582</u>	<u>\$ 1,763,685</u>	<u>\$ 242,897</u>

The Statement of Revenues, Expenses, and Change in Net Assets provide answers as to the nature and source of changes in net assets. Non-operating revenues increased as interest rates picked up from the prior year. The decrease in depreciation is attributed to fully depreciating some items owned by the District, while non-operating expenses declined due to the interest rates and the loss incurred last year from the sale of fixed assets.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2004, amounts to \$814,223 (net of accumulated depreciation). This investment in capital assets includes construction in progress, office furniture, equipment and fixtures; machinery and equipment and a vehicle (see table below).

	2004	2003
Construction in progress	\$ 788,078	\$ 346,679
Office furniture, equipment and fixtures	16,629	16,629
Machinery and equipment	331,127	320,852
Vehicle	18,875	18,875
	<u>1,154,709</u>	<u>703,035</u>
Less: accumulated depreciation	<u>(340,487)</u>	<u>(315,564)</u>
Totals	<u>\$ 814,222</u>	<u>\$ 387,471</u>

Major capital asset events during the current fiscal year included the following:

- The District incurred costs associated with construction of a new building that includes the current purchase of new 911 equipment of which the District has paid \$441,399 towards the \$578,001 contract.

Additional information on the District's capital assets can be found in the Note 3, Exhibit D of this report.

### **Long-term Debt**

At December 31, 2004, the District had \$1,290,000 in long-term debt outstanding as compared to \$1,365,000 in the prior year which is a decrease of \$75,000, the amount of 2004 principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in Note 5, Exhibit D of this report.

### **ECONOMIC FACTORS**

The District's Board of Directors and management considered many factors when setting the 2005 budget. One of those factors is the economy. Over the last few years, the District's customer base has risen steadily as a result of wireless companies coming into Lafourche Parish, both commercially and residentially.

Operating revenues available for recovering operating expenses are projected to be \$870,000, slightly lower than 2004 revenues. Due to new technology available to consumers, the number of landline phones has decreased due to wireless capabilities. Non-operating revenues are projected to decrease due to lower interest earnings and fewer dollars to invest as the District utilizes unrestricted net assets to construct the new building and to purchase equipment necessary for Phase II implementation (estimated assets totaling \$1,825,000). Budgeted operating expenses are expected to rise over 2004 actual by 72 percent. Increases in mapping expenses, insurance, maintenance contracts and administrative costs are expected to continue.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Lafourche Parish Communications District, P.O. Box 1157, Raceland, LA 70394.

**STATEMENT OF NET ASSETS****Lafourche Parish Communications District**

December 31, 2004

**ASSETS****Current**

Cash and cash equivalents	\$ 2,332,516
Receivables	164,803
Deferred bond issuance costs	<u>2,222</u>

Total current assets	<u>2,499,541</u>
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**Capital Assets**

Nondepreciable	788,078
Depreciable, net	<u>26,144</u>

Total capital assets	<u>814,222</u>
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**Other**

Deferred bond issuance costs	<u>13,572</u>
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Total assets	<u>\$ 3,327,335</u>
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**LIABILITIES****Current**

Accounts payable and accrued expenses	\$ 30,753
Bond payable within one year	<u>80,000</u>

Total current liabilities	110,753
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**Long-term**

Bond payable after one year	<u>1,210,000</u>
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Total liabilities	<u>1,320,753</u>
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**NET ASSETS****Net Assets**

Invested in capital assets, net of related debt	236,196
Unrestricted	<u>1,770,386</u>

Total net assets	<u>2,006,582</u>
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Total liabilities and net assets	<u>\$ 3,327,335</u>
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**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS**

**Lafourche Parish Communications District**

For the year ended December 31, 2004

**OPERATING REVENUES**

Charges for services	\$ 894,684
Other operating revenues	<u>1,747</u>
Total operating revenues	<u>896,431</u>

**OPERATING EXPENSES**

Personal services	270,645
Supplies and materials	8,069
Other services and charges	303,913
Repairs and maintenance	5,011
Depreciation	<u>24,923</u>
Total operating expenses	<u>612,561</u>
Operating income	<u>283,870</u>

**NON-OPERATING REVENUES (EXPENSES)**

Interest income	29,718
Interest expense	(68,340)
Amortization of issuance costs	<u>(2,351)</u>
Total non-operating revenues (expenses)	<u>(40,973)</u>
Change in net assets	242,897

**NET ASSETS**

Beginning of year	<u>1,763,685</u>
End of year	<u>\$ 2,006,582</u>

See notes to financial statements.

**STATEMENT OF CASH FLOWS****Lafourche Parish Communications District**

For the year ended December 31, 2004

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 882,245
Cash payments to suppliers for goods and services	(306,222)
Cash payments to employees for services and benefits	<u>(288,000)</u>
Net cash provided by operating activities	<u>288,023</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(451,674)
Receipt of notes receivable from sale of building	54,000
Principal paid on outstanding debt	(75,000)
Interest paid on outstanding debt	<u>(69,616)</u>
Net cash used for capital and related financing activities	<u>(542,290)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	29,260
Maturity of investments	<u>78,801</u>
Net cash from investment activities	<u>108,061</u>
Net decrease in cash and cash equivalents	(146,206)

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>2,478,722</u>
End of year	<u>\$ 2,332,516</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	<u>\$ 283,870</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	24,923
Increase in assets:	
Accounts receivable	(12,439)
Decrease in liabilities:	
Accounts payable and accrued expenses	<u>(8,331)</u>
Total adjustments	<u>4,153</u>
Net cash provided by operating activities	<u>\$ 288,023</u>

**NON CASH OPERATING, CAPITAL AND RELATED FINANCING ACTIVITIES AND INVESTING:**

Amortization of bond issuance costs	<u>\$ 2,351</u>
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See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**Lafourche Parish Communications District**

December 31, 2004

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Lafourche Parish Communications District (the District) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Nature of Activities**

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Lafourche Parish. The companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system.

**b) Reporting Entity**

The District was formed by an Act of the State Legislature on July 14, 1983. A board was approved and became effective on October 5, 1989.

The District is a component unit of the Lafourche Parish Council. The District has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

**c) Method of Accounting**

On January 1, 2003, the District adopted the provisions of Statement No. 34 which established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Method of Accounting (continued)**

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The basic financial statements of the District are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Under GASB Statement No. 20, the District has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers cash and cash equivalents to include amounts in checking accounts, investments with maturities of three months or less at purchase. The CD that is owned by the District is a 30 day CD that is renewed automatically upon maturity. For purposes of the statement of cash flows, cash and cash equivalents include CDs with maturity dates of three months or less.

**f) Accounts Receivable**

The financial statements of the District contain no allowance for uncollectible accounts receivable. It is the opinion of management that receivables at December 31, 2004 are collectible and possible bad debt losses are immaterial.

**g) Deferred Bond Issuance Costs**

The District has recorded deferred bond issuance costs which are amortized by the interest method over the term of the related debt.

**h) Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extends its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Depreciation of all capital assets, excluding land, is calculated over the estimated useful lives using the straight-line method as follows:

Office furniture, equipment and fixtures	5 years
Machinery and equipment	5 - 10 years
Vehicle	5 years



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Vacation and Sick Leave**

Vacation and sick leave are determined by length of service for full-time employees as follows:

1 - 3 years	1 week vacation and 1 week sick leave
3 - 9 years	2 weeks vacation and 2 weeks sick leave
10 years or more	3 weeks vacation and 3 weeks sick leave

Vacation and sick leave must be used by the end of the year. Vacation is paid to employees upon termination of employment; sick leave is not paid. There is no material accumulated balance of unpaid leave as of December 31, 2004

**j) Revenues and Expenses**

Operating revenue and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net assets. At December 31, 2004 the District had no restricted net assets.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**Exhibit D  
(Continued)**

**Note 2 - DEPOSITS (Continued)**

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year-end balances of deposits and the carrying amounts are shown on the balance sheet as follows:

	Bank Balances			Book Balance
	Category 1	2	3	
Cash	\$200,000	\$ -	\$2,231,312	\$2,253,648
Certificates of deposit	<u>78,868</u>	<u>-</u>	<u>-</u>	<u>78,868</u>
Totals	<u>\$278,868</u>	<u>\$ -</u>	<u>\$2,231,312</u>	<u>\$2,332,516</u>

At December 31, 2004, cash in excess of the FDIC insurance was collateralized by securities held by unaffiliated banks for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Exhibit D**  
**(Continued)**

**Note 3 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Capital assets not being depreciated:				
Construction in progress	\$ 346,679	\$ 441,399	\$ -	\$ 788,078
Capital assets being depreciated:				
Office furniture, equipment and fixtures	16,629	-	-	16,629
Machinery and equipment	320,852	10,275	-	331,127
Vehicle	18,875	-	-	18,875
Total capital assets being depreciated	356,356	10,275	-	366,631
Less accumulated depreciation for:				
Office furniture, equipment and fixtures	(15,378)	(893)	-	(16,271)
Machinery and equipment	(290,119)	(20,255)	-	(310,374)
Vehicle	(10,067)	(3,775)	-	(13,842)
Total accumulated depreciation	(315,564)	(24,923)	-	(340,487)
Total capital assets being depreciated, net	40,792	(14,648)	-	26,144
Total capital assets, net	<u>\$ 387,471</u>	<u>\$ 426,751</u>	<u>\$ -</u>	<u>\$ 814,222</u>

Construction in progress addition consists of a new building and 911 system is being implemented.

**Note 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at December 31, 2004 consisted of the following:

Vendors	\$ 160
Salaries and benefits	8,663
Interest on long-term debt	<u>21,930</u>
Total	<u>\$ 30,753</u>

**Exhibit D  
(Continued)**

**Note 5 - LONG-TERM DEBT**

On September 1, 2001, the District issued \$1,500,000 of special revenue bonds, series 2001. The serial bonds carry interest rates of 5.10% which are repayable through September 1, 2016 primarily from charges for services.

The following is a summary of the bond transactions of the District for the year ended December 31, 2004:

Bonds payable at January 1, 2004	\$1,365,000
Bonds retired	<u>75,000</u>
Bonds payable at December 31, 2004	<u>\$1,290,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2004 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 80,000	\$ 65,790	\$ 145,790
2006	85,000	61,710	146,710
2007	90,000	57,375	147,375
2008	90,000	52,785	142,785
2009	95,000	48,195	143,195
2010 - 2014	575,000	160,650	735,650
2015 - 2016	<u>275,000</u>	<u>21,165</u>	<u>296,165</u>
Totals	<u>\$1,290,000</u>	<u>\$467,670</u>	<u>\$1,757,670</u>

**Note 6 - CENTRAL FIRE STATION LEASE**

A lease with Lafourche Parish Fire Protection District No. 1, which allows the District use of office space in the Central Fire Station, is automatically renewed indefinitely with each party having the option to terminate at any time. The lease was in effect for 2004 and the rental expense for 2004 was \$11,700.

**Note 7 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

**Note 8 - CONTINGENT LIABILITIES**

A legal action has been filed against the District for the wrongful death of a small child. In the case, which was filed December 29, 1993, is not possible at this time to determine for what liabilities, if any, the District might be responsible. The Lafourche Parish Sheriff's Office was operating the system at the time of the alleged incident and it is not known what, if any liabilities, they would have. A citation was received by the District as a co-defendant in a case brought on by the children on behalf of the estate of their deceased mother claiming that they have suffered substantial injuries as a proximate result of the negligence and/or breach as to the failure to properly train and monitor employees of the District. If it is determined that the District is liable in some respect for either case, management believes it may be covered by its liability insurance. Accordingly, no provision for any liability that may arise from these litigation suits has been made in the accompanying financial statements.

**Note 9 - COMMITMENT**

The Federal Communications Commission (FCC) and the Louisiana State Legislature have issued rulings and statutes requiring wireless telecommunication providers to provide the number and location of the caller to the communications district when a caller accesses 911. State statutes require the caller location service to be operating within one year of collecting a consumer fee for the service.

The District implemented the rulings and has begun collecting the service charge effective January 1, 2000. Proceeds from the consumer service charge, \$473,586 for the year ended December 31, 2004, shall be used for the payment of service provider and district costs associated with system implementation. However, the district shall not make payments to service providers unless there is a cooperative endeavor agreement between the district and the provider delimiting the cost of implementation. The District has completed cooperative endeavor agreements with six providers and is in the process of negotiating agreements with the remaining provider.

On December 31, 2004, the District had \$578,001 in a public work contract of which \$136,602 was incomplete.

**Note 10- COMPENSATION OF BOARD MEMBERS**

No compensation was paid to members of the Board of Commissioners for the year ended December 31, 2004

## **SUPPLEMENTARY INFORMATION SECTION**



**Bourgeois Bennett**

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

To the Board of Commissioners,  
Lafourche Parish Communications District,  
Raceland, Louisiana.

Our report on our audit of the basic financial statements of the Lafourche Parish Communications District for the year ended December 31, 2004 appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on the basic financial statements. The information contained in Schedule 1 and 2, which is of a nonaccounting nature, is not a required part of the basic financial statements, and is presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly we express no opinion on it.

Certified Public Accountants.

Thibodaux, Louisiana,  
February 22, 2005.

**STATUS OF PHASE ONE IMPLEMENTATION OF  
WIRELESS E911 SERVICE**

Lafourche Parish Communications District

December 31, 2004

(Unaudited)

The Louisiana State Legislature has enacted Act 1029 (the Act), to amend and reenact Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109 relative to communication districts. The Act effective January 1, 2000 authorizes Louisiana Communication Districts to establish, by resolution of the Board of Commissioners, the ability to collect an emergency telephone service charge in the amount of \$0.85 per wireless user per month levied on wireless users of Commercial Mobile Radio Service (CMRS) who can access the 911 emergency telephone number system. Phase One requires CMRS carriers to implement locational services and have the capability to assign wireless calls usable numbers for callback and forwarding uninterrupted calls.

The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communications Commission in Matter #94-102. Enhancements will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the district when a caller accesses the 911 system. Although these enhancements currently exist for persons dialing from "landline telephones," certain technological enhancements must be made in order to provide this information from wireless devices. The districts are required to negotiate and enter into a cooperative endeavor agreement provided for by the Act with each CMRS carrier to ensure that the service charge is collected, remitted and the service enhancements are implemented. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the CMRS carriers providing service within the district within one year of the initial levy of the service charge. Proceeds received shall be used for payment of CMRS carrier and district costs associated with the implementation of Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district.

The Lafourche Parish Communications District (the District) notified each CMRS carrier by certified letter of the adoption by the Board of Commissioners of Resolution No. 99-09-01 which levied an emergency telephone service charge of \$0.85 per month per wireless CMRS connection as of January 1, 2000. The District then sent a letter to each CMRS carrier concerning signing a cooperative endeavor agreement. As of December 31, 2004, the District has completed cooperative endeavor agreements with six CMRS carriers, out of a total of seven. The District is in negotiations with the remaining CMRS carrier.



**STATUS OF PHASE ONE IMPLEMENTATION OF  
WIRELESS E911 SERVICE**

The CMRS carriers have been remitting the wireless E911 service charges collected from the CMRS connections (customers) beginning January 1, 2000. Remittance for service charges has begun for five of the CMRS carriers that have signed cooperative endeavor agreements with the District. The remaining CMRS carrier that has not agreed on a cooperative endeavor agreement has not been paid any service charges by the District because no district shall make payment of CMRS carrier costs associated with the implementation of Phase One enhancements required unless there is a cooperative endeavor agreement between the district and the CRMS carrier delimiting the cost of implementation to be recovered.

The District is Phase One compliant with all CMRS carriers. The District has been unsuccessful signing the final cooperative endeavor agreements due to corporate mergers and CMRS carriers that have established unreasonable non-recurring or recurring costs without justification, or have refused to participate in cooperative endeavor agreement negotiations. Although the District has encountered problems negotiating the final agreement, wireless users have maintained access through the CMRS carriers to the 911 system and the District's management believes all required agreements will be completed in the year ending December 31, 2005.

The District intends to recover the costs of additional staff hired to handle additional call volume with the wireless revenues, as well as, recover other costs related to the new wireless requirements. Other wireless costs include the service charge that will be assessed by the CMRS carriers based on the cost of updating their technology to implement the enhancement phase. The remittance of these costs depends on the signing of the cooperative endeavor agreements. The schedule of wireless revenues and use of wireless revenues can be found in Schedule 2 as required by the Act.

**SCHEDULE OF REVENUES DERIVED FROM THE WIRELESS E911  
SERVICE CHARGE AND THE USE OF SUCH REVENUES**

**Lafourche Parish Communications District**

For the year ended December 31, 2004

(Unaudited)

	<u>Wireless</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 473,586
Other operating revenues	<u>425</u>
Total operating revenues	<u>474,011</u>
<b>OPERATING EXPENSES</b>	
Personal services	145,904
Supplies and materials	4,350
Other services and charges	190,326
Repairs and maintenance	2,705
Depreciation	<u>13,436</u>
Total operating expenses	<u>356,721</u>
Operating income	<u>\$ 117,290</u>

Note: Allocation of wireless operating expenses was determined by applying the percentage of wireless calls to total calls to the operating expenses described in the Statement of Revenue, Expenses and Changes in Net Assets. Other services and charges includes Phase 1 implementation costs totaling \$59,961. The remaining costs were allocated. Revenues from charges for services are based on actual reported revenues for wireless services. The number of total calls and wireless calls was furnished to us by the District's management.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

To the Board of Commissioners,  
Lafourche Parish Communications District,  
Raceland, Louisiana.

We have audited the basic financial statements of the Lafourche Parish Communications District (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 2004, and have issued our report thereon dated February 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards, which is described in the Schedule of Findings and Responses as item 04-1.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
February 22, 2005.

## **SCHEDULE OF FINDINGS AND REPOSSES**

### **Lafourche Parish Communications District**

For the year ended December 31, 2004

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

##### **b) Federal Awards**

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2004.

#### **Section II Financial Statement Findings**

04-1 **Criteria** - The Federal Communications Commission (FCC) via FCC Matter 94-102, enacted July, 1996, set distinct requirements for making wireless 911 more compatible with existing 911 wireline systems and stipulates the necessity for the establishment of a cost recovery mechanism for both wireless service suppliers and 911 districts. The Louisiana State Legislature enacted Act 1029 to address the issue of a cost recovery mechanism for Phase One of the FCC order, and was made effective January 1, 2000 as amendments and reenactments to Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109. The Act authorizes Louisiana Communication Districts the ability to establish, by resolution of the Board of Commissioners or Ordinance of the Parish's governing authority, the amount of \$0.85 per wireless user per month to be collected and remitted to the appropriate district for said purpose. Proceeds shall be used first for payment of wireless service suppliers and district costs associated with the implementation of enhancements required in Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district. Phase One requires implementing enhancements that will provide the call-back number of the wireless caller to the communications district when a caller accesses 911. The District will be required to pay a one-time non-recurring fee per subscriber at a rate specified by the service supplier. A monthly recurring charge will be paid to the service supplier by the district to help cover the service supplier's

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(Continued)**

**Lafourche Parish Communications District**

For the year ended December 31, 2004

**Section II Financial Statement Findings**

04-1 (Continued)

enhancement costs at a specified rate per subscriber. The service suppliers will not be able to receive the monthly recurring charges until a cooperative endeavor agreement has been signed. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the wireless service suppliers within one year of the initial levy of the service charge.

**Statement of Condition** - During the audit it was noted that as of December 31, 2004 there were six signed cooperative endeavor agreements, out of a total of seven suppliers. The District is still in negotiations with the other supplier. The remaining service supplier that does not have a signed cooperative endeavor agreement has not received any service charge payments by the District because no district shall make payment of a service suppliers costs associated with the implementation of Phase One enhancements required by such an order unless there is a cooperative endeavor agreement between the district and the supplier delimiting the cost of implementation to be recovered. Although the service supplier has not yet provided Phase One information to the District, wireless users have maintained access to the 911 system.

**Cause and Effect** - The District notified each service supplier by certified letter of the adoption by the Board of Commissioners of Resolution No. 99-09-01 which levied an emergency telephone service charge of \$0.85 per month per wireless service subscriber. In compliance with the Act, the District also sent a letter to each service supplier concerning signing a cooperative endeavor agreement. One of the service suppliers has not signed an agreement.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(Continued)**

**Lafourche Parish Communications District**

For the year ended December 31, 2004

**Section II Financial Statement Findings**

04-1 (Continued)

**Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

**Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical** - None

**Section III Federal Award Findings and Questioned Costs**

Not applicable.



## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Lafourche Parish Communications District**

For the year ended December 31, 2004

#### **Section I Internal Control and Compliance Material to the Basic Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2003.  
No reportable conditions were reported during the audit for the year ended December 31, 2003.

##### **Compliance**

03-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

**Management's Response** – Unresolved, however, the District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, however, Phase One is not complete.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2003.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2003.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Lafourche Parish Communications District**

For the year ended December 31, 2004

#### **Section I Internal Control and Compliance Material to the Basic Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2004.  
No reportable conditions were reported during the audit for the year ended December 31, 2004.

##### **Compliance**

04-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

**Management's Corrective Action Plan** - The District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, and are currently in negotiations with the other service supplier.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2004

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2004